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Indian Oil and Gas Canada

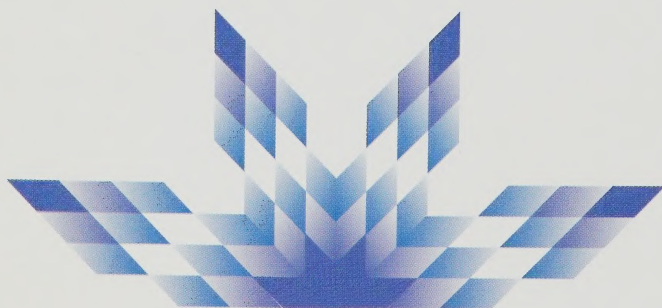
Annual Report 2000-2001



Indian and Northern
Affairs Canada

Affaires Indiennes
et du Nord Canada

Canada



Indian Oil & Gas Canada
Annual Report 2000-2001

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Indian Oil and Gas Canada



Table of Contents

| | |
|---|---|
| Message from the Chief Executive Officer and Executive Director | 2 |
| IOGC: A Snapshot | 3 |
| 2000 - 2001 IOGC Co-Management Board of Directors | 4 |
| Indian Resource Council | 5 |

Organization

| | |
|---------------------------------------|---|
| Overview of Indian Oil and Gas Canada | 6 |
| Organizational Chart | 6 |
| Mandate, Mission, Vision and Values | 7 |

Operations

| | |
|--------------------------------------|----|
| Executive Unit | 8 |
| Production Unit | 10 |
| Land Unit | 20 |
| Planning and Corporate Services Unit | 26 |





Message from the Executive Director

The 2000-2001 fiscal year proved to be extremely profitable for First Nations with oil and gas activity on their lands and for those companies operating on First Nation lands.

I am pleased to report that IOGC collected over \$296 million in total revenue on behalf of First Nations. There were also over 210 wells drilled on First Nation lands, bringing to a total of more than 1150 producing wells under IOGC administration.

In partnership with First Nations, we also saw considerable progress on the First Nations Oil and Gas Pilot Project and IOGC Co-Management Board. The Pilot Project continued with its training and capacity building focus as a formal negotiation table was established to develop a framework agreement. The framework agreement will set the stage for the drafting of legislative principles to allow for the transfer of the management and control of oil and gas resources to the participating First Nations. The IOGC Co-Management Board continued to play a key role in the operations of IOGC. A key accomplishment of the board was in the co-authoring, along with IOGC, of the *First Nations Involvement Paper* which laid the groundwork for the approach IOGC is taking in consulting with First Nations.

Progress has also been made on updating our legislative/regulatory regime as I reported in last year's Annual Report. A great deal of work has been conducted by IOGC technical staff as part of an internal business practices review to identify areas for change. The process to amend the regime will include consultation with First Nations, industry and other governments.

Our efforts have always been focussed on working closely with First Nations to achieve stronger returns from the development of their oil and gas resources. In the coming year, IOGC staff will continue to focus on day to day operations and work with individual First Nations and industry to strengthen our relationships as a whole.

Strater Crowfoot
Chief Executive Officer and Executive Director
Indian Oil and Gas Canada



Indian Oil and Gas Canada: A Snapshot

Indian Oil and Gas Canada (IOGC), a branch of the Department of Indian Affairs and Northern Development, is responsible for managing and administering the exploration and development of crude oil and natural gas on Indian reserve lands. These responsibilities are carried out under the direction and with the approval of First Nation band councils. IOGC's specific responsibilities are to:

- identify and evaluate oil and gas resource potential;
- encourage companies to explore, drill and produce these resources through leasing activity;
- ensure equitable production, fair prices and proper collection of royalties; and
- secure compliance with and administer the regulatory framework in a fair and equitable manner.

In carrying out these responsibilities, IOGC is mandated to:

- further First Nations' initiatives to manage and control their oil and gas resources; and
- fulfil the Crown's fiduciary and statutory obligations related to the management of oil and gas resources on First Nations' lands.

The largest part of IOGC's work, by far, is in the Western Canada sedimentary basin, but it also extends to other regions of Canada, such as southwestern Ontario. Currently, more than 60 First Nations have active leases, many with oil and gas production, and another 250 First Nation reserves are being monitored for possible activity. More than 190 oil and gas companies have operating interests in Indian lands.

Indian lands are unique. Exploration and development are pursuant to the *Indian Oil and Gas Act* and *Indian Oil and Gas Regulations, 1995*, as well as other relevant legislation and guidelines. Oil and gas activity on Indian lands is contingent upon agreements involving First Nations band councils, oil and gas companies and Indian Oil and Gas Canada.

In 2000-2001, IOGC collected nearly \$300 million in total revenue on behalf of First Nations. Over the past 3 years, a half billion dollars has been generated through First Nation oil and gas activities. Also in 2000-2001, over 210 new wells were drilled, bringing to an overall total of over 1150 wells under IOGC administration.

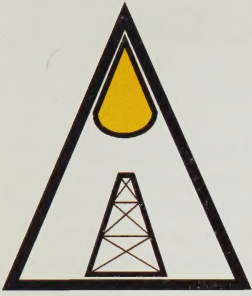
IOGC Co-Management Board

Indian Oil and Gas Canada (IOGC) operates under the direction of a Chief Executive Officer/Executive Director who works in conjunction with the nine-member Board of Directors. The Board was established in 1996 by the signing of a Memorandum of Understanding (MOU) between the Minister of Indian Affairs and the Indian Resource Council (IRC). The MOU established a Board of Directors to initially co-manage IOGC operations, focusing on areas of collective interests, such as IOGC issues, policies, plans, priorities and resources. The Board also plays an important role in developing a vision to describe how the system for oil and gas management will function when First Nations assume control: the longer term calls for First Nations to assume eventual direction and control of IOGC. Six of the nine Board members are selected by the IRC and three by the Crown.

In 2000-2001, the IOGC Co-Management Board was:

- **Mr. Bernard Shepherd**, White Bear First Nation (Co-Chairman)
- **Mr. Warren Johnson**, Assistant Deputy Minister, Lands and Trust Services, Department of Indian Affairs and Northern Development (Co-Chairman)
- **Chief James Ahnassay**, Dene Tha' First Nation
- **Councillor Errnol Gray**, Aamjiwaang First Nation
- **Chief Ernest Wesley**, Stoney First Nation
- **Ms. Judy Maas**, Treaty 8 Tribal Association (B.C.)
- **Mr. Strater Crowfoot**, CEO and Executive Director, Indian Oil and Gas Canada
- **Mr. S. Robert Blair**, Chairman Emeritus, Nova Corporation
- **Mr. Roy Fox**, Indian Resource Council of Canada (ex-officio)





Indian Resource Council of Canada (IRC)

Established in 1987 as a stand-alone, First Nations owned and operated agency, the IRC acts as a representative voice for over 120 First Nations with oil and gas interests. Indian Oil and Gas Canada has had a positive and productive partnership with the IRC

which both have worked to build. Six of the nine board members of IOGC are chosen by the IRC including the Co-Chairman.

The IRC serves their First Nation members by:

- complementing the interests and activities of individual First Nations with respect to energy initiatives, including employment opportunities
- developing and implementing employment and training programs
- supporting member First Nations in their efforts to attain full management and control of their oil and gas resources
- coordinating the promotion of initiatives with government, industry and other groups

The IRC serves both as a catalyst and an assistance provider for First Nations governments, business entities and individuals hoping to take advantage of business and employment opportunities associated with oil and gas development. The organization assesses the development potential of initiatives such as power and co-generated development and the use of natural gas as the feedstock in the production of electricity. With the deregulation of the Alberta energy industry and high natural gas prices, there is an opportunity for First Nations, many of which have good wells. Further to this, the IRC promotes the development of downstream, value-added oil and gas activities such as power development.

To these ends, the IRC is involved in the development and implementation of employment and training programs and the creation of alliances between First Nations and the oil and gas sector. It also supports First Nations in their efforts to attain full management and control of their resources and coordinates the promotion of initiatives with government, industry and other groups.

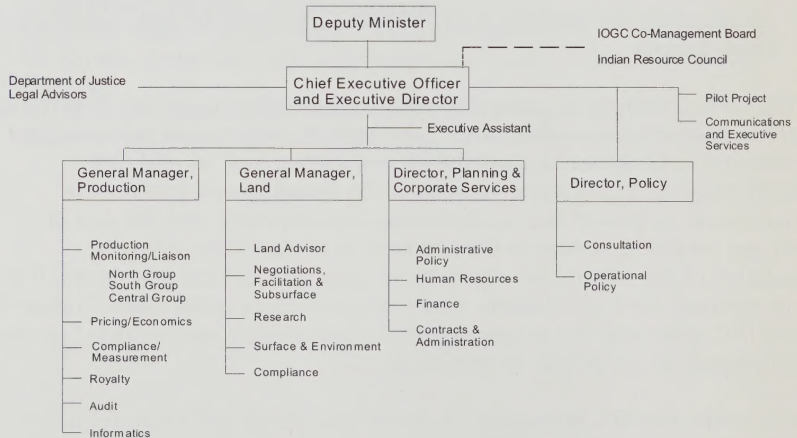
The IRC is headed by a President/CEO, Mr. Roy Fox (former Chief of the Blood Tribe) reporting to a Board of Directors. The IRC Board consists of 15 First Nation Directors appointed by the Chiefs to represent the Treaty areas 6,7,8, and including Alberta, Saskatchewan, Ontario/Manitoba, British Columbia, the Northwest Territories and the Yukon. The current Chairperson of the IRC is Bernard Shepherd of White Bear First Nation representing Saskatchewan First Nations.

Overview of Indian Oil and Gas Canada

The Department of Indian Affairs and Northern Development (DIAND), created in 1966, is entrusted with fulfilling the legal obligations of the federal government to Aboriginal people as outlined in treaties, the Indian Act and other legislation. Natural resources on First Nations lands, including oil and gas, are managed through this department. To meet the increasing demands of oil and gas activity, DIAND created Indian Oil and Gas Canada in 1987, replacing Indian Minerals West.

Indian Oil and Gas Canada is a branch within DIAND similar to one of its regional offices with dual reporting directly to the Deputy Minister and Assistant Deputy Minister, Lands and Trust Services (LTS). IOGC's singular focus on oil and gas management and the necessary links to the department's Lands and Trust Services branch, has meant that IOGC reports to the Assistant Deputy Minister, LTS on day-to-day issues.

This said, IOGC requires, and has been given, the relative authorities required to fulfill obligations to First Nation clients on timelines compatible with the greater oil and gas community. IOGC was granted Special Operating Agency (SOA) status in 1993 to give it the flexibility to work as a business-oriented organization within the dynamic and often volatile environment of the Canadian oil and gas industry.



Statutory Authorities

IOGC operates in accordance with provisions of the:

- Indian Oil and Gas Act
- Indian Oil and Gas Regulations, 1995

IOGC also enforces associated federal legislation including provisions of the:

- Indian Act
- other relevant legislation

Mandate

The mandate of IOGC is to fulfill the Crown's fiduciary and statutory obligations related to the management of oil and gas resources on First Nations lands and to further First Nation initiatives to manage and control their oil and gas resources.

Mission, Vision and Values

Mission

Our mission is to work together with First Nations to manage their oil and gas resources.

Vision

- To develop a corporate culture that is innovative, proactive and progressive where employees are empowered and accountable
- to be fair and consistent in the application of policies and procedures
- to actively seek to understand First Nations cultures, goals and aspirations
- to be open and to share knowledge and information that promotes informed decision-making
- to strive for excellence in services provided
- to work with the First Nations and actively promote their objective of achieving full management and control
- to work in partnership with the IOGC Co-Management Board to develop options to achieve full First Nation management and control

Values

Integrity

- I will be honest
- I will be ethical and act above reproach
- I will be thorough and forthright

Respect

- I will be considerate, empathetic and open-minded
- I will value the opinions of others and strive to understand through active listening
- I will appreciate diversity

Shared Leadership/Teamwork

- We will work as a strong, cohesive team
- I will seek input from my partners to work with them towards a common goal

Positive Attitude

- I will approach changes and challenges with optimism
- I will embrace each day with a positive frame of mind
- I will participate in a positive manner



Operations

IOGC has four distinct units that regulate the exploration, production and management of First Nations oil and gas resources.

- Executive Unit is accountable for overall agency planning and direction, consultation, policy development, pilot project management, communications and overall executive and legal services
- Land Unit issues and administers leases on First Nations lands
- Production Unit monitors production and collects royalties
- Planning and Corporate Services Unit is responsible for corporate planning, finance, administration and human resources

Executive Unit

The Executive Unit, headed by the Chief Executive Officer, focuses on:

- Setting corporate direction and strategy
- Implementation of directives of the IOGC Board of Directors
- Operational policy development (including legislative/regulatory amendments) and consultation
- Communications and corporate executive services
- Legal services
- Management of the pilot project

Along with fulfilling the Crown's fiduciary and statutory obligations related to the management of oil and gas on First Nations lands, one of the unit's other central objectives is to further the aspirations and initiatives of First Nations to manage their petroleum resources. To this end, the CEO and other members of IOGC's executive team act as senior level liaisons between:

- The IOGC Board of Directors
- First Nations elected leadership
- Other government agencies
- The Canadian oil and gas industry

The Policy Group

In 2000-2001, the Executive Unit underwent some organizational changes to provide for the establishment of a new policy group. The policy group has responsibility for:

- Operational policy development
- Commencing a continuous change process for amendments to the governing regime
- Advancing current proposed changes to the *Indian Oil and Gas Act* and *Indian Oil and Gas Regulations, 1995*
- Preparing and implementing a stakeholder involvement approach to ensure all key stakeholders have input into any proposed changes

Management of the Pilot Project

The First Nations Oil and Gas Pilot Project also falls under the umbrella of the Executive Unit. This initiative was launched to address the First Nations desire to gain greater control and management of their oil and gas resources. The Pilot Project is now in the Enhanced Co-Management Phase. This phase involves First Nations assuming as much administrative and management responsibility as possible under the existing Indian Oil and Gas Regulations. IOGC is continuing to work with the Pilot First Nations and other federal and provincial government departments to begin to develop a framework agreement and subsequent legislation that will achieve First Nation management and control of their oil and gas resources. In 2001, a formal negotiation table was established to resolve the outstanding issues and address the concerns and future involvement of other stakeholders.

The Communications/Executive Services Group

Responsibility for IOGC corporate and First Nations communications and executive services lies within the Executive Unit. The Manager of Communications and Executives Services reports to the Executive Director. The Communications/Executive Services Unit is responsible for:

- Ensuring the proper dissemination of information to First Nations, the public and government
- Development of corporate communications strategies regarding IOGC issues that have the potential to impact First Nations or the private sector
- Development and preparation of briefings on IOGC issues for senior DIAND/IOGC officials and the minister
- Preparation of communications plans, strategies, reports (including the Annual Report) and correspondence on IOGC activity

Legal Counsel

Department of Justice (DOJ) legal counsel have increasingly taken on a vital support role, not only in terms of litigation matters, but especially in the contract and land issues that play such an important role in the day to day business of the organization.

These activities include:

- Provision of legal advice with respect to the First Nations Oil and Gas Management Initiative and the IOGC Co-Management Board of Directors
- Regulatory, policy and operations advice as well as monitoring litigation in which IOGC is involved
- Provision of legal advice to the IOGC executive management committee

The Production Unit

The Production Unit includes three distinct groups: Engineering/Geology, Royalties and Informatics.

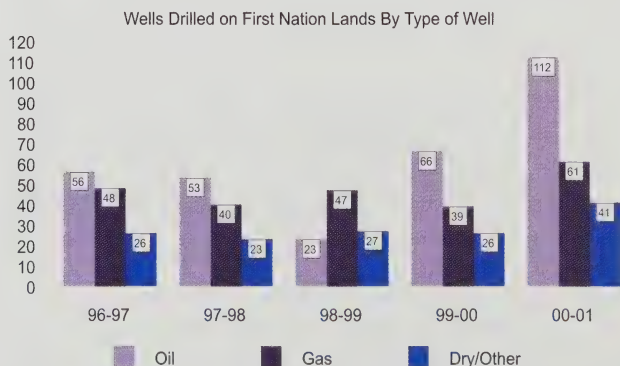
The Engineering/Geology Group

Responsibilities for this group include:

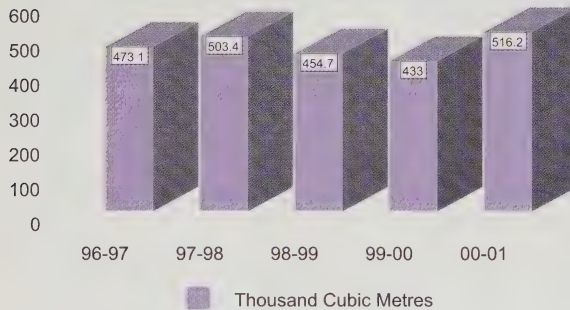
- Provision of services led by three senior petroleum engineers to three geographical areas - North, South and Central
- Provision of the support of a professional geologist and two engineering technologists across all three geographical areas
- Execution duties in the functional areas of compliance and reservoir engineering
- Provision of technical evaluation as part of the review and processing of leases at the end of their primary and succeeding terms
- Maintenance of close liaison with other functional groups within the organization while performing these functions

The Compliance activities include:

- Monitoring of production on First Nations lands to ensure that oil and gas resources are being produced in accordance with federal and provincial regulations through IOGC's Production Assurance program
- Ensuring that production volumes are measured accurately and correctly reported as well as ensuring that equipment and facilities located on reserves are operated in an environmentally sound manner
- Monitoring, within one mile, lands surrounding First Nations reserves to ensure that oil and gas resources are not being drained by off-reserve wells
- Ensuring that all necessary documents are provided by permittees and lessees which are required by the Indian Oil and Gas Regulations and which pertain to drilling, servicing and abandoning wells in which a First Nation has a royalty interest



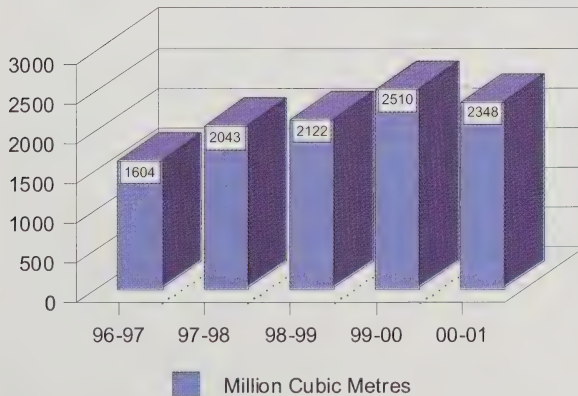
Oil Production from First Nation Lands



The Reservoir Engineering activities include:

- Providing yearly revenue forecasts to First Nations and the Alberta Region for budgeting purposes
- Evaluation of oil and gas leases for continuance
- Processing applications to abandon wells and to convert wells for water disposal, fluid injection or use as observation wells. Prior to approving any such request, technical information contained in the well file is reviewed to obtain assurance that no economically recoverable oil or gas remains
- Provide advice to First Nations with respect to the economics presented by companies in support of their proposals for developing First Nations lands. This may involve an assessment of the remaining recoverable reserves of oil and gas
- Maintain a hydrocarbon resource inventory

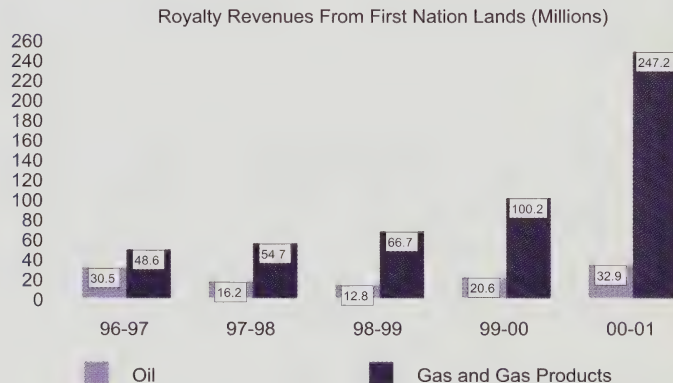
Gas Production Volumes From First Nation Lands



The Royalties Group:

Responsibilities of this group include:

- Ensuring that all royalties are paid and accounted for, reconciling the royalty paid against the assessment to ensure First Nations receive their share of revenues from production of their resources
- Assessment of prices reported by the company to ensure they are fair and equitable as compared with Alberta Energy and Utilities Board (AEUB) documentation, price and other source data
- Management of authorized deductions from gross royalties such as gas cost allowance and trucking
- Auditing of royalties submitted



The Informatics Group

Responsibilities of this group include:

- Maintenance of the local area network and the data systems used by IOGC to track leases, production figures, rentals and bonuses
- Provision of support for other corporate systems including finance, word processing, spreadsheet and graphics-based programs

Drilling Summary - First Nation Interest Wells (2000-2001)

| | | |
|---------|----------------------|-----------|
| Legend: | Oil wells | 112 |
| | Gas wells | 61 |
| | Disposal/Cased wells | 16 |
| | Abandoned wells | <u>25</u> |
| | Total Wells | 214 |

| Reserve | Well Name | Location | Status | Total Depth (m) |
|------------------|----------------------|-----------------------|-----------|-----------------|
| Alexander #134 | ENI Alexander | 09-31-55-27W4 | Gas | 1315 |
| Amber River #211 | Barington Virgo | 11-09-114-06W6 | Gas | 1387 |
| Blood #148 | Mobil South | 13-36-04-25W | Oil | 2339 |
| Blood #148 | Bonavista Penny | 05-07-07-21W4 | Gas | 1108 |
| Blood #148 | Bonavista Penny | 08-03-08-22W4 (11-2) | Oil | 1245 |
| Blood #148 | Bonavista Repenny | 06-10-08-22W4/2 | Oil | 1950 |
| Blood #148 | Bonavista Penny | 14-18-08-22W4 | Cased | 1309 |
| Blood #148 | Bonavista Penny | 16-18-08-22W4 | Gas | 1255 |
| Blood #148 | Bonavista Penny | 06-19-08-22W4 | Oil | 1300 |
| Blood #148 | Bonavista Penny | 09-13-08-23W4 | Oil | 1355 |
| Blood #148 | Bonavista Penny | 14-24-08-23W4 | Oil | 1205 |
| Blood #148 | Bonavista Penny | 16-24-08-23W4 | Oil | 1320 |
| Blood #148 | Bonavista Penny | 06-26-08-23W4 | Oil | 1277 |
| Blood #148 | Bonavista 02 Penny | 02-08-26-08-23W4 | Oil | 1372 |
| Blood #148 | Bonavista Penny | 11-26-08-23W4 | Oil | 1402 |
| Blood #148 | Bonavista Kipp | 16-27-08-23W4 | Oil | 1444 |
| Blood #148 | Petrobank Penny | 14-33-08-23W4 | Cased | 1535 |
| Blood #148 | Petrobank Penny | 06-07-09-23W4 | Oil | 1642 |
| Blood #148 | Bonavista Kipp | 04-04-09-23W4 | Oil | 1553 |
| Blood #148 | Bonavista Penny | 04-16-09-23W4 | Gas | 1586 |
| Blood #148 | Bonavista Penny | 13-20-09-23W4 | Abandoned | 1322 |
| Cold Lake #149 | Bar Kent | 5C-15-61-2W4 (12-15) | Oil | 598 |
| Cold Lake #149 | Bar Kent | 5D-15-61-2W4 (12-15) | Oil | 582 |
| Cold Lake #149 | Bar Kent | 11B-15-61-2W4 (12-15) | Oil | 601 |
| Cold Lake #149 | Bar Kent | 11C-15-61-2W4 (12-15) | Oil | 583 |
| Cold Lake #149 | Bar Kent | 12A-15-61-2W4 | Oil | 490 |
| Cold Lake #149 | Bar Kent | 12B-15-61-2W4 | Oil | 487 |
| Cold Lake #149 | Bar Kent | 12D-15-61-2W4 | Oil | 482 |
| Cold Lake #149 | Bar Kent | 13A-15-61-2W4 (3-22) | Oil | 602 |
| Cold Lake #149 | Bar Kent | 13B-15-61-2W4 (3-22) | Oil | 525 |
| Cold Lake #149 | Bar Kent | 14B-15-61-2W4 (3-22) | Oil | 610 |
| Cold Lake #149 | Bar Kent | 9A-16-61-2W4 (12-15) | Oil | 581 |
| Cold Lake #149 | Bar Kent | 9D-16-61-2W4 (12-15) | Oil | 539 |
| Cold Lake #149 | Bar Kent | 16A-16-61-2W4 (12-15) | Oil | 505 |
| Cold Lake #149 | Bar Kent | 7D-22-61-2W4 | Oil | 491 |
| Cold Lake #149 | Bar Kent | 05-34-61-3W4 | Gas | 451 |
| Ermaneskin #138 | Ventus Wetwin | 02-20-45-24W4 | Abandoned | 1510 |
| Ermaneskin #138 | Velvet Nelson | 02-05-02-45-25W4 | Abandoned | 1587 |
| Ermaneskin #138 | Velvet Nelson | 02-03-45-25W4 | Gas | 845 |
| Ermaneskin #138 | Velvet Nelson | 09-08-45-25W4 | Gas | 820 |
| Ermaneskin #138 | Velvet Ventus Nelson | 07-09-45-25W4 | Gas | 815 |

| Reserve | Well Name | Location | Status | Total Depth (m) |
|--------------------|----------------------------|-------------------------|-----------|-----------------|
| Ermineskin #138 | Velvet Ventus Nelson | 14-09-45-25W4 | Gas | 815 |
| Ermineskin #138 | Velvet Ventus Nelson | 04-10-45-25W4 | Gas | 849 |
| Ermineskin #138 | Velvet Nelson | 02-03-11-45-25W4 | Gas/Oil | 1150 |
| Ermineskin #138 | Velvet 104 Nelson | 4-06-11-45-25W4 (12-11) | Cased | 1610 |
| Halfway River #168 | Berkley CNRL Halfway | 04-23-86-25W6 | Gas/Oil | 2015 |
| Hay Lake #209 | Edge Sousa | 15-26-112-05W6 | Oil | 1515 |
| Hay Lake #209 | Edge Sousa | 03-06-112-04W6 (2-6) | Abandoned | 1485 |
| Hay Lake #209 | Edge Sousa | 16-06-112-04W6 | Gas | 305 |
| Hay Lake #209 | Edge Sousa | 08-07-112-04W6 | Gas | 329 |
| Hay Lake #209 | Edge Sousa | 16-07-112-04W6 | Gas | 288 |
| Hay Lake #209 | Edge Sousa | 02-08-18-112-04W6 | Gas | 280 |
| Hay Lake #209 | Edge Sousa | 01-19-112-04W6 | Gas | 293 |
| Hay Lake #209 | Edge Sousa | 08-19-112-04W6 (1-19) | Oil | 1546 |
| Hay Lake #209 | Edge Sousa | 04-02-112-05W6 | Gas | 291 |
| Hay Lake #209 | Edge Sousa | 01-03-112-05W6 | Gas | 292 |
| Hay Lake #209 | Edge Sousa | 06-04-112-05W6 | Oil | 1550 |
| Hay Lake #209 | Edge Sousa | 16-13-112-05W6 | Gas | 283 |
| Hay Lake #209 | Edge Sousa | 02-15-12-112-05W6 | Gas | 306 |
| Hay Lake #209 | Edge Sousa | 05-16-112-05W6 | Gas | 302 |
| Hay Lake #209 | Edge Sousa | 09-24-112-05W6 | Gas | 285 |
| Hay Lake #209 | Edge Sousa | 01-25-112-05W6 | Gas | 273 |
| Hay Lake #209 | Edge Sousa | 09-26-112-05W6 | Oil | 1526 |
| Hay Lake #209 | Edge Sousa | 13-26-112-05W6 | Cased | 1525 |
| Hay Lake #209 | Edge Sousa | 01-35-112-05W6 | Abandoned | 1508 |
| Hay Lake #209 | Edge Sousa | 12-36-112-05W6 | Oil | 1525 |
| Hay Lake #209 | Edge Sousa | 08-18-112-04W6 | Oil | 1514 |
| Hay Lake #209 | Edge Sousa | 13-18-112-04W6 | Oil | 1517 |
| Hay Lake #209 | Edge Sousa | 16-19-112-04W6 | Gas | 284 |
| Hay Lake #209 | Edge Sousa | 09-30-112-04W6 | Gas | 281 |
| Hay Lake #209 | Edge Sousa | 01-31-112-04W6 | Gas | 270 |
| Hay Lake #209 | Edge Sousa | 05-02-113-05W6 | Oil | 1520 |
| Hay Lake #209 | Edge Sousa | 01-03-113-05W6 | Oil | 1540 |
| Hay Lake #209 | Edge Sousa | 03-03-113-05W6 (1-3) | Oil | 1850 |
| Hay Lake #209 | Saddle Sousa | 16-05-112-05W6 | Cased | 1560 |
| Horse Lake #152B | AECOG Sinclair | 12-26-73-12W6 | Cased | 1200 |
| Louis Bull #138B | Velvet Nelson | 04-30-45-25W4 | Gas | 768 |
| Louis Bull #138B | Velvet Nelson | 14-15-45-25W4 | Gas | 1559 |
| Louis Bull #138B | Velvet Nelson | 11-17-45-25W4 | Gas | 700 |
| O'Chiese #203 | Burlington Ferrier | 09-35-43-10W5 | Abandoned | 2987 |
| O'Chiese #203 | Burlington Willesden Green | 10-04-43-09W5 | Cased | 2865 |
| O'Chiese #203 | Burlington Ferrier | 08-01-44-10W5 (2-1) | Cased | 3006 |
| Pigeon Lake #138A | Blue Parrot BGLEN | 07-24-46-28W4 | Oil | 1370 |
| Pigeon Lake #138A | Blue Parrot BGLEN | 08-24-46-28W4 | Oil | 1370 |
| Pigeon Lake #138A | Blue Parrot BGLEN | 11-24-46-28W4 | Oil | 1370 |
| Pigeon Lake #138A | Blue Parrot BGLN | 13-24-46-28W4 | Oil | 1370 |
| Puskiakiwinin #122 | CND MSTG Lindberg | 12-02-57-04W4 | Abandoned | 536 |
| Red Pheasant #108 | Bonavista Makwa | 13-28-59-23W3 | Gas | 423 |
| Red Pheasant #108 | Bonavista Makwa | 01-04-60-23W3 | Gas | 421 |
| Saddle Lake #125 | Auburn Cache | 02-13-09-58-12W4 | Gas | 688 |
| Saddle Lake #125 | Auburn Keyano Cache | 11-30-57-12W4 | Gas | 680 |
| Saddle Lake #125 | Auburn Keyano Cache | 06-31-57-12W4 | Gas | 684 |
| Saddle Lake #125 | Auburn Keyano Cache | 10-32-57-12W4 (RE) | Gas | 465 |
| Saddle Lake #125 | Auburn Keyano Cache | 14-16-57-12W4 | Gas | 68 |

| Reserve | Well Name | Location | Status | Total Depth (m) |
|------------------|-------------------------|-------------------------|------------|-----------------|
| Saddle Lake #125 | Auburn Keyano Cache | 14-16-57-12W4 | Gas | 682 |
| Saddle Lake #125 | Auburn Keyano Cache | 16-17-57-12W4 | Gas | 738 |
| Saddle Lake #125 | Auburn Keyano Cache | 13-04-58-12W4 | Gas | 690 |
| Samson #137A | Velvet Woodr | 15-31-43-23W4 | Abandoned | 1540 |
| Samson #137A | Velvet Samson | 11-01-44-24W4 | Gas | 1542 |
| Samson #137A | Velvet 103 Samson | 03/11-09-44-24W4 | Oil | 1555 |
| Samson #137A | Velvet Samson | 13-09-44-24W4 | Water inj. | 1552 |
| Samson #137A | Velvet 102 Samson | 03/14-09-44-24W4 | Oil | 1530 |
| Samson #137A | Velvet 104 Samson | 04/10-09-44-24W4 | Oil | 1515 |
| Samson #137A | Velvet 102 Samson | 02/09-09-44-24W4 (10-9) | Oil | 1517 |
| Samson #137A | Velvet 102 Samson | 02/11-09-44-24W4 (10-9) | Oil | 1545 |
| Samson #137A | Velvet Samson | 05-15-44-24W4 | Abandoned | 1549 |
| Samson #137A | Velvet Samson | 05-10-44-24W4 | Oil | 1540 |
| Samson #137A | Velvet 102 Samson | 12-10-44-24W4 (5-10) | Oil | 1583 |
| Samson #137A | Velvet Samson | 04-15-44-24W4 | Abandoned | 1542 |
| Samson #137A | Velvet Samson | 05-16-44-24W4 | Oil | 1535 |
| Samson #137A | Velvet 103 Samson | 03/03-16-44-24W4 | Gas | 1516 |
| Samson #137A | Velvet 102 Samson | 02/01-16-44-24W4 | Oil | 1517 |
| Samson #137A | Velvet 103 Samson | 03/01-16-44-24W4 | Oil | 1538 |
| Samson #137A | Velvet 102 Samson | 02/04-16-44-24W4 (3-16) | Oil | 1533 |
| Samson #137A | Velvet Samson | 07-16-44-24W4 | Oil | 1519 |
| Samson #137A | Velvet Samson | 08-16-44-24W4 (1-16) | Oil | 1525 |
| Samson #137A | Velvet Samson | 10-16-44-24W4 (7-16) | Oil | 1555 |
| Samson #137A | Velvet Samson | 12-16-44-24W4 | Gas | 815 |
| Samson #137A | Velvet 102 Samson | 02/01-17-44-24W4 | Oil | 1588 |
| Samson #137A | Velvet Samson | 02-17-44-24W6 | Oil | 1540 |
| Samson #137A | Velvet 103 Samson | 03/08-17-44-24W4 | Oil | 1588 |
| Samson #137A | Velvet 102 Samson | 02/07-20-44-24W4 | Gas | 782 |
| Samson #137A | Velvet Nelson | 12-25-44-25W4 | Gas | 823 |
| Samson #137A | Cometra Malm | 13-26-43-23W4 (6-26) | Gas | 2045 |
| Siksika #146 | Moxie Richland Jumpbush | 02-20-20-19W4 | Gas | 1420 |
| Siksika #146 | EOG Blackfoot | 02/13-20-22-23W4 | Cased | 1620 |
| Siksika #146 | EOG Shouldice | 04/29-21-23W4 | Gas | 1574 |
| Siksika #146 | EOG Blackfoot | 02/08-18-22-23W4 | Oil | 1730 |
| Siksika #146 | Response SERC Blackfoot | 11-29-22-23W4 | Oil | 1619 |
| Siksika #146 | Response SERC Blackfoot | 14-29-22-23W4 | Oil | 1646 |
| Siksika #146 | Response SERC Blackfoot | 03-32-22-23W4 | Oil | 1624 |
| Siksika #146 | Response SERC Blackfoot | 04-32-22-23W4 | Oil | 1645 |
| Siksika #146 | Moxie Richland Jumpbush | 16-19-20-19W4 | Gas | 1435 |
| Siksika #146 | Moxie Richland Jumpbush | 02/06-29-20-19W4 | Cased | 1386 |
| Siksika #146 | Hunt Bassano | 08-26-20-20W4 | Cased | 1425 |
| Siksika #146 | Hunt Bassano | 05-34-20-20W4 | Abandoned | 1398 |
| Siksika #146 | Hunt Bassano | 08-05-21-19W4 | Abandoned | 1351 |
| Siksika #146 | Hunt Bassano | 11-01-21-20W4 | Abandoned | 1401 |
| Stoney #142B | PC DR Wildcat Hills | 12-24-27-06W5 | Gas | 2595 |
| Stoney #142B | PC DR Wildcat Hills | 11-14-27-06W5 | Cased | 2691 |
| Stoney #142B | PC6-35DR Wildcat Hills | 02/06-35-27-6W5 | Gas | 2906 |
| Stoney #142B | Shell 12 Jumping Pond | 12-10-26-5W5 (5-10) | Cased | 2200 |
| Stony Plain #135 | Post 104 Yekau Lake | 09-10-52-26W4 | Oil | 1355 |
| Stony Plain #135 | Post 5B Ache | 05/5-02-52-26W4 | Oil | 1372 |
| Stony Plain #135 | Post Acheson East | 06-02-52-26W4 | Oil | 1371 |
| Stony Plain #135 | Post Acheson East | 08-02-52-26W4 | Oil | 1369 |

| Reserve | Well Name | Location | Status | Total depth (m) |
|--------------------|----------------------------|-------------------------|----------------|-----------------|
| Stony Plain #135 | Post Acheson East | 13-02-52-26W4 | Oil | 1367 |
| Stony Plain #135 | Post Ache | 04/05-02-52-26W4 | Oil | 1365 |
| Stony Plain #135 | Post Ache | 10-02-52-26W4 | Abandoned | 1370 |
| Stony Plain #135 | Post Ache | 11-02-52-26W4 | Oil | 1372 |
| Stony Plain #135 | Post Ache | 12-02-52-26W4 | Oil | 1370 |
| Stony Plain #135 | Post Ache | 14-02-52-26W4 | Oil | 1388 |
| Stony Plain #135 | Post Ache | 15-02-52-26W4 | Cased | 1370 |
| Stony Plain #135 | Post Acheson East | 03-11-52-26W4 | Abandoned | 1368 |
| Stony Plain #135 | Post Acheson East | 03/04-11-52-26W4 | Abandoned | 1444 |
| Stony Plain #135 | Post 104 Yekau Lake | 04/04-15-52-26W4 | Oil | 1366 |
| Sucker Creek #150A | Genesis HZ Jousard | 06-29-74-14W4 (7-30) | Oil | 1418 |
| Sucker Creek #150A | Genesis HZ Jousard | 14-29-74-14W5 (15-30) | Oil | 1617 |
| Sucker Creek #150A | Genesis Jousard | 15-30-74-14W5 | Abandoned | 275 |
| Sucker Creek #150A | Genesis Jousard | 05-31-74-14W5 | Water disposal | 860 |
| Sucker Creek #150A | Genesis HZ Grouard | 09-31-74-14W5 (16-36) | Oil | 747 |
| Sucker Creek #150A | Genesis 102 HZ Grouard | 2/09-31-74-14W5 (12-31) | Oil | 1880 |
| Sucker Creek #150A | Genesis HZ Jousard | 05-32-74-14W5 (5-31) | Oil | 1683 |
| Sucker Creek #150A | Genesis HZ Grouard | 15-36-74-15W5 | Oil | 1299 |
| Sucker Creek #150A | Genesis HZ Grouard | 08-25-74-15W5 (7-30) | Oil | 1297 |
| Sucker Creek #150A | Genesis HZ Jousard | 15-25-74-15W5 (15-30) | Oil | 1780 |
| Sucker Creek #150A | Genesis HZ Jousard | 10-36-74-15W5 (12-31) | Oil | 1623 |
| Sucker Creek #150A | Genesis HZ Grouard | 03-05-75-14W5 | Oil | 2236 |
| Sucker Creek #150A | Genesis HZ Jousard | 07-36-74-15W5 (5-31) | Oil | 1774 |
| Sucker Creek #150A | Genesis 102 Grouard | 02/09-06-75-14W5 | Gas | 270 |
| Sucker Creek #150A | Genesis Jousard | 12-29-74-14W5 | Gas | 844 |
| Sunchild #202 | Burlington Ferrier | 15-03-43-10W5 (16-03) | Gas | 2949 |
| Sunchild #202 | Burlington Ferrier | 10-10-43-10W5 (14-10) | Gas | 3079 |
| Tsuu T'ina #145 | Vermillion Shell Sarcee | 12-26-23-04W5 (11-26) | Oil | 2087 |
| Unipouheos #121 | CND MSTG John Lake | 03-31-56-02W4 | Abandoned | 498 |
| Unipouheos #121 | CND MSTG John Lake | 04-31-56-02W4 | Gas/Oil | 541 |
| Unipouheos #121 | Petromin Frog Lake | 07-17-57-03W4 | Oil | 594 |
| Wabasca #166 | Husky Pelican | 12-31-79-23W4 | Gas | 443 |
| Wabasca #166 | Husky Pelican | 14-25-79-24W4 | Gas | 456 |
| Wabasca #166 | AECOG (NE) Peerless | 02-32-79-22W4 | Abandoned | 442 |
| Wabasca #166 | AECOG (NE) Desmarais | 01-03-80-25W4 | Abandoned | 924 |
| Wabasca #166 | Cannet Brintnell | 11-06-80-22W4 | Abandoned | 425 |
| Wabasca #166C | Renaissance Hoole | 05-26-82-25W4 | Gas | 420 |
| Waywayseecappo #62 | Township Land Lizard Point | 09-04-20-25W1 | Abandoned | 498 |
| Waywayseecappo #62 | Township Land Lizard Point | 13-16-20-26W1 | Abandoned | 528 |
| White Bear #70 | NFEX WBOG White Bear | 10-12-09-3W2 | Abandoned | 1332 |
| White Bear #70 | NFEX WBOG White Bear | 10-07-09-02W2 | Abandoned | 1322 |
| White Bear #70 | NFEX WBOG Parkman | 13-35-09-02W2 | Oil | 1202 |
| White Bear #70 | NFEX WBOG White Bear | 01-02-10-02W2 | Oil | 1193 |
| White Bear #70 | NFEX WBOG Parkman | 03-02-10-02W2 | Oil | 1184 |
| White Bear #70 | Tri Link WBOG Parkman | 05-02-10-02W2 | Oil | 1227 |
| White Bear #70 | Tri Link WBOG Parkman | 07-02-10-02W2 | Oil | 1220 |
| White Bear #70 | NFEX WBOG Parkman | 09-02-10-02W2 | Oil | 1179 |
| White Bear #70 | Tri Link WBOG Parkman | B10-02-10-02W2 | Oil | 1225 |
| White Bear #70 | NFEX WBOG Parkman | 11A-02-10-02W2 | Oil | 1168 |
| White Bear #70 | Tri Link WBOG Parkman | 12A-02-10-02W2 | Oil | 1234 |
| White Bear #70 | Tri Link WBOG Parkman | 14-02-10-02W2 | Oil | 1215 |
| White Bear #70 | NFEX WBOG Moose Mtn | 03-03-10-02W2 | Oil | 1215 |

| Reserve | Well Name | Location | Status | Total Depth (m) |
|---------------------|-------------------------|----------------------|--------|-----------------|
| White Bear #70 | NFEX WBOG Moose Mtn | 07-03-10-2W2 | Oil | 1210 |
| White Bear #70 | Tri Link WBOG Moose Mtn | 8A-03-10-02W2 | Oil | 1214 |
| White Bear #70 | Tri Link WBOG Moose Mtn | 09-03-10-02W2 | Oil | 1241 |
| White Bear #70 | NFEX WBOG Moose Mtn | 11-03-10-02W2 | Oil | 1225 |
| White Bear #70 | NFEX WBOG Parkman HZ | 15-03-10-02W2 (9-3) | Oil | 1615 |
| White Bear #70 | NFEX WBOG Parkman HZ | 16-03-10-02W2 (12-2) | Oil | 1571 |
| White Bear #70 | NFEX WBOG Parkman HZ | 16-03-10-02W2 (13-2) | Oil | 1256 |
| White Bear #70 | NFEX WBOG Parkman | 09-05-10-02W2 (13-4) | Oil | 1508 |
| White Bear #70 | NFEX WBOG Moose Mtn | 03-09-10-02W2 | Oil | 1218 |
| White Bear #70 | NFEX WBOG Moose Mtn | 04-09-10-02W2 | Oil | 1308 |
| White Bear #70 | Tri Link WBOG Moose Mtn | 07-09-10-02W2 | Oil | 1245 |
| White Bear #70 | NFEX WBOG Moose Mtn | 8A-09-10-02W2 | Oil | 1212 |
| White Bear #70 | Tri Link WBOG Moose Mtn | 01-10-10-02W2 | Oil | 1215 |
| White Bear #70 | NFEX WBOG Moose Mtn | 05-10-10-02W2 (4-10) | Oil | 1714 |
| White Bear #70 | NFEX WBOG Moose Mtn | 04-11-10-02W2 | Oil | 1190 |
| Winnefish Lake #128 | Auburn Keyano Craigend | 03-11-62-13W4 | Gas | 508 |
| Woodland Cree #226 | Husky Cadotte | 11-34-86-17W4 | Gas | 524 |



SOGI: An Example of Corporate Citizenship

By Raymond Lawrence



While they might be best known for their track record as First Nation trail-blazers in the oil and gas industry, their track record as an example of good corporate citizenship runs quietly on a parallel track.

But it doesn't go unnoticed.

In the few years that they've been active participants in the oil and gas industry, they've pumped considerable sums of money not only into their community but into Alberta-based charities as well. Toward the end of the 1990s some key changes resulted in Samson Oil and Gas Incorporated (SOGI) changing from what was essentially a holding company into an active player in the industry.

And although their evolution as an oil and gas company springs up from efforts to refocus on how to best develop their territory, their role model status as good corporate citizens comes from the heart and their collective community vision.

Both continue to provide the community with benefits.

In the late 1980s Samson Cree Nation created Samson Oil and Gas Inc. so that they would be able to purchase leases from operators who had wells on their territory. Their goal was essentially to create a co-op that would provide gas to band member consumers and bring benefits back to the community. They ran wells from their own funds and had their own people run the gas co-op but in 1996 decided it was time for a change, that it was time to explore new directions.

"In 1995 we had discussion on how to develop our homelands but we decided that we didn't want to take the risk alone. We decided that we would share the risk with an operator," says Barbara Louis, the interim SOGI president during their times of change and growth. "We had a shopping list that we used when we interviewed companies and finally we narrowed it down to two of them and decided on the operator who was willing to go by most of our shopping list items."

But other challenges remained. For one, they did not wish to follow the process for such a joint-venture as set out through Indian Oil and Gas Canada (IOGC). They came in with their own negotiators and lawyers, ready to do business, but this resulted in negotiations with IOGC in advance of their negotiations with Velvet Exploration. But finally IOGC signed off although Louis says this trail-blazing process was difficult. They would have it no other way, having already decided that they would make things happen for themselves and take as much control of their gas activities as possible.

Once they had the official go-ahead they went back to Velvet Exploration, ready for the next steps. "We challenged and questioned their financial backers and convinced them to go on the stock exchange and I believe that Samson Nation was the catalyst for their development," says Louis. The company was recently purchased by one of the largest petroleum companies in the world.

"I think it can be quite difficult but it's only as difficult as you make it," she says of their leap into the petroleum business. "You have to have the vision of the band members and keep them in focus at all times and keep them informed. It was a daunting task but I enjoyed it."

In early 1997 they engaged their first new employee under the joint-venture, someone who shared office space with Louis for six and a half months until they were able to locate the fledgling business to a suitable office in Hobbema, a building owned by Samson Tribal Ltd. The next step was to get some of the tools of the trade and after a debate, they decided that they wanted to own their own high-tech 3-D seismic equipment so they would not have to rely on any other companies for exploration.

Louis introduced changes to the face of its board of directors that will see more representation by industry and band members with fewer representatives from the council. While the grassroots interest was already there, she did this largely to bring in more industry expertise and experience to help develop the company and reshape its direction but it did not come without a cost. While Louis has now left her position as president of the company she remains interested in upstream resource opportunities.

"I would like to see Samson Oil and Gas more involved in off-reserve activity," she says. "I knew at some point in time I would need more expertise but I've always been adamant that I wanted it headed by a First Nations person, preferably someone from the Samson Nation." She hopes that in the future the board of directors will have the presidency designated for a First Nations person.

"The other impact I was looking for was more involvement from the non-elected community," Louis said. "We've always had a good response from band members and getting the information out to them has always been critical to the success of our company."

"While I was there I got SOGI beyond oil and gas and into donating money for charities," she says. Among other things they hold an annual golf tournament, donating some \$15,000 in proceeds to a helpline for children and more recently they were involved in raising funds for a helpline for parents. "I'll continue to promote any of the charities that will help our people. One of the operators SOGI works with donates gifts to Samson Nation school children in recognition of achievement and perfect attendance. "We're not just oil and gas. We care about our children, our people, we care about the land, and we care about education."

Raymond Lawrence is a freelance writer of Ojibway and European ancestry

The Land Unit

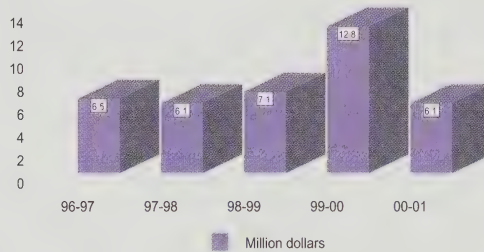
In the fall of 2000, the Land Unit underwent a reorganization into the following five groups: Negotiations, Subsurface, Research, Environment and Surface, and Compliance and Enforcement.

The Negotiations Group

This group is responsible for:

- Assessment of proposals by interested companies to ensure they are fair value and competitive
- Provisions of assistance to First Nations in reaching agreements with companies by offering support in the negotiation process
- Provision of advice to Treaty Land Entitlement (TLE) First Nations, various federal and provincial government departments and industry to facilitate the implementation of the TLE process

Bonus Revenues from First Nation Lands

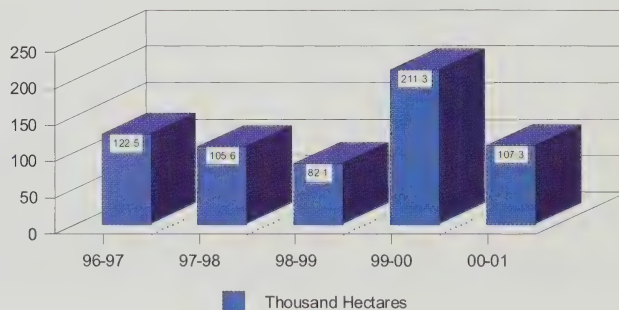


The Subsurface Group

This group is responsible for:

- Drafting and ensuring the execution of subsurface contracts and amendments in accordance with any negotiated terms and conditions and with federal government regulations, when an agreement is reached
- Monitoring subsurface commitments
- Administration of subsurface oil and gas agreements throughout the life of the agreement, including financial commitment (excluding royalties) and band suspense accounts

First Nation Lands Newly Leased, Permitted or Converted from Permit to Lease



New Subsurface Leases 2000-2001 (Excluding lease selections from permits)

| Reserve | Company | Area Disposed (hectares) |
|---------------------|---------------------------------|--------------------------|
| Amber River #211 | Barrington Petroleum Ltd. | 259 |
| Bigstone Cree #166 | Canadian Natural Resources Ltd. | 1892.6 |
| Bigstone Cree #166 | Husky Oil Operations Ltd. | 4486.9 |
| Bigstone Cree #166B | Husky Oil Operations | 2405.69 |
| Bigstone Cree #166A | AEC Oil & Gas Co. Ltd. | 355.43 |
| Bigstone Cree #166 | AEC Oil & Gas Co. Ltd. | 2331.59 |
| Bigstone Cree #166D | AEC Oil & Gas Co. Ltd. | 2104.32 |
| Bigstone Cree #166D | Enlight Energy Corp. | 3715.9 |
| Blood #148 | Durness Resources Inc. | 768 |
| Cold Lake #149 | Bonavista Petroleum | 1792 |
| Frog Lake #121 | Canadian Mustang Energy Inc. | 127.2 |
| Frog Lake #121 | Canadian Mustang Energy Inc. | 2305 |
| Island Lake #161 | Bonavista Petroleum Ltd. | 1412.83 |
| Island Lake #161 | Toby Creek Investments Inc. | 8658.89 |
| Kehewin Cree #123 | Canadian Natural Resources Ltd. | 44.9 |
| O'Chiese #203 | Burlington Resources Ltd. | 13471.6 |
| Ocean Man #69G,H,I | National Fuel Exploration Corp. | 261.02 |
| Ocean Man #69E | National Fuel Exploration Corp. | 226.64 |
| Ocean Man #69 | National Fuel Exploration Corp. | 259 |
| Ocean Man #69 | National Fuel Exploration Corp. | 259 |
| Ocean Man #69 | National Fuel Exploration Corp. | 261.42 |
| Ocean Man #69A | National Fuel Exploration Corp. | 194.25 |
| Ocean Man #69 | National Fuel Exploration Corp. | 70.96 |
| Red Pheasant #108 | Bonavista Petroleum Ltd. | 1126.6 |
| Red Pheasant #108 | Bonavista Petroleum Ltd. | 766.89 |
| Samson #137 | El Paso Oil and Gas Canada Inc. | 210.71 |
| Samson #137 | Taurus Exploration Canada Ltd. | 3.80 |
| | Vintage Energy (Canada) Ltd. | |
| Samson #137 | Taurus Exploration Canada Ltd. | 6.28 |
| | Vintage Energy (Canada) Ltd. | |
| Siksika #146 | EOG Resources Canada Inc. | 2805.96 |
| Waywayseecappo #62 | AEC Oil & Gas company Ltd. | 10101.36 |
| Total | | 62685.74 |

New Subsurface Permits 2000-2001

| Reserve | Company | Area Disposed (hectares) |
|------------------|-------------------------------|--------------------------|
| Alexander #134 | Energy North Inc. | 5650.9 |
| Alexis #133 | Alexis Band Oil & Gas Corp. | 6192.9 |
| | Auburn Energy Ltd. | |
| Blood #148 | Devon ARL Corporation | 768 |
| Frog Lake #121 | Canadian Mustang Energy Inc. | 651.36 |
| Siksika #146 | Moxie Exploration Ltd. | 1388 |
| Swampy Lake #236 | Mahgwa Resources Inc. | 1472 |
| Tsuu T'ina #145 | Compton Petroleum Corporation | 3200 |
| Total | | 19323.16 |

2000-2001 Exploratory Licences (3D Seismic)

Reserve

O'Chiese #203
Peigan #147
Siksika #146
Siksika #146
Siksika #146

Total 3D Seismic

Company

Gulf Canada Resources Ltd.
Velvet Exploration
Hunt Oil Company of Canada Ltd.
Hunt Oil Company of Canada Ltd.
Hunt Oil Company of Canada Ltd.

Square kilometres

4.5
49.5
215.17
175.5
473.4

918.07

2000-2001 Exploratory Licences (2D Seismic)

Reserve

Alexander #134
Alexis #133
Cold Lake #149
Horse Lake #152B
Ministikwan #161
Ministikwan #161
Puskiakiwenin #122
Red Pheasant #108
Red Pheasant #108
Saddle Lake #125
Saddle Lake #125
Sarcee #145
Seekaskootch #119
Siksika #146
Stoney #142-144
Stoney #142-144
Stoney #142-144
Stoney #142B
Sturgeon Lake #154
Unipouheos #121
Unipouheos #121
Wabasca #166
Wabasca #166
Wabasca #166B
Wabasca #166C
Wabasca #166D
Whitefish Lake #128

Total 2D Seismic

Company

Energy North Inc.
Auburn Energy Inc.
Bonavista Petroleum Ltd.
Talisman Energy Inc.
Bonavista Petroleum Ltd.
Bonavista Petroleum Ltd.
Canadian Natural Resources Ltd.
Bonavista Petroleum Ltd.
Bonavista Petroleum Ltd.
Auburn Energy Ltd.
Auburn Energy Ltd.
Compton Petroleum Corporation
Wascana Energy Inc.
Moxie Exploration Ltd.
Petro Canada Oil and Gas
Shell Canada Ltd.
Velvet Exploration Ltd.
Petro Canada Oil and Gas
Zargon Oil and Gas Ltd.
Canadian Mustang Energy Inc.
*Not Available
Canadian Natural Resources Ltd.
Husky Oil Operations Ltd.
Husky Oil Operations Ltd.
Husky Oil Operations Ltd.
Husky Oil Operations Ltd.
Auburn Energy Ltd.

Kilometres

40
6.5
5.95
9.58
3.7
9.9
28.34
21.4
8.5
4.5
28.58
101.9
11.56
14.55
42.33
12.62
6.3
42.33
2.64
13.70
5
16.56
24.3
23.85
2.45
3.4
27.6

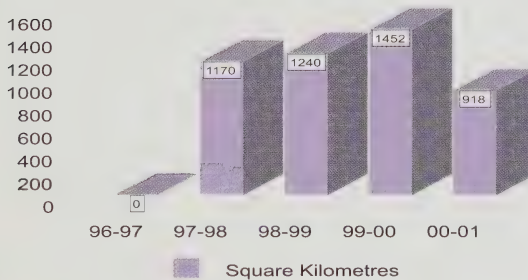
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The Research Group

This group is responsible for:

- Verifying legal title prior to surface and subsurface disposition
- Confirming oil and gas rights with respect to designation and leasing availability
- Confirming acreage for pooling purposes

3D Seismic Activity On First Nation Lands

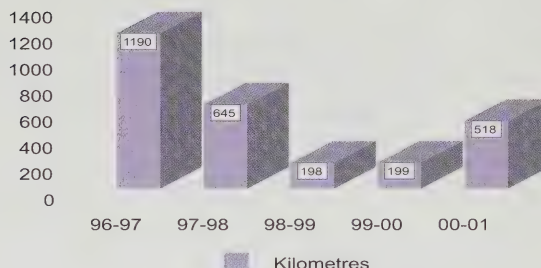


The Environment and Surface Group

This group is responsible for:

- Management of matters relating to the disposition and approval of surface agreements and surface access, and for training, liaising with and providing information to First Nations and industry in regard to surface dispositions
- Ensuring all proposed oil and gas surface activities, including seismic, drilling and pipeline rights-of-way undergo an environmental assessment as required by the Canadian Environmental Assessment Act (CEAA)
- Screening all Environmental assessments to ensure environmental impacts are mitigated to the extent practical
- Imposition of terms so that oil and gas companies comply with the environmental legislation
- Performance of field inspections and audits of surface facilities to monitor industry compliance with surface agreements
- Drafting and ensuring execution of all surface agreements in accordance with any negotiated terms and conditions and with federal government regulations, when an agreement is reached

2D Seismic Activity On First Nation Lands



The Compliance and Enforcement Group

This group is responsible for:

- Designing and enforcing an escalating ladder of consequences toward non-compliant entities
- Coordinating with other regulatory bodies in the enforcement of regulations
- Communicating and facilitating with First Nations and entities regarding resolution of non-compliance issues
- Participating in alternative dispute resolutions to resolve non-compliance issues
- Assisting and providing support to the Department of Justice in litigation and other enforcement processes toward the resolution of non-compliance issues

Overall Land Results

Exploration on First Nations lands continued to be strong as evidenced by the 107,294 hectares of lands newly leased, permitted or converted from permit to lease. This resulted in bonuses totalling more than \$6.1 million.

At year end there were 187 companies with interests in First Nations lands, encompassing 590,729 hectares, with over 600 active sub-surface and 2226 active surface agreements.

First Nations Voices Unified On Sour Gas Issues

By Raymond Lawrence

For First Nations who could potentially be affected by sour gas related problems, a recent province-wide committee has heard their concerns and is working to address a lengthy list of recommendations.

And for those who immediately flinch when they hear *committee recommendations*, the Public Safety and Sour Gas Committee will not delegate grassroots concerns and recommendations to some dusty shelf. One of the stated goals of the committee which was launched by the Alberta Energy and Utilities Board (AEUB) is to see that tangible goals are achieved and that progress is made public on a regular basis. To do this in the most efficient way possible, they are dividing up the recommendations into those that can be dealt with quickly and the larger, more challenging issues that will require more time.

Sour gas, natural gas containing more than one percent hydrogen sulphide, is toxic to humans and animals at low concentrations. However, it can be detected by its smell, something akin to rotten eggs. Currently some thirty percent of all natural gas in Western Canada is considered sour, but both industry and government are supportive of stringent regulation and enforcement. Because of the risk it poses to the public, the work of the committee and the AEUB is vital.

The committee spent a year meeting with various groups across the province who have health and safety concerns relating to sour gas and is now working to ensure that recommendations are brought into reality. The committee focussed on First Nations with on-reserve petroleum activity, those with developments on their traditional lands, and on non-Aboriginal communities with similar concerns.

Doreen Healy of Doreen Healy Consulting Services, and member of the Kainaiwa First Nation, represented First Nations on the committee. Her role included meeting with First Nations potentially affected by sour gas activities, and formulating their concerns into concise recommendations which, once presented to the First Nations, were put before the committee. Throughout the entire on-going process, communications were continuous between herself, First Nations and the committee.

Issues for First Nations included questions of jurisdiction, the lack of jobs for First Nations people when developments take place on traditional lands, and inadequate emergency



response planning. "The risks include that First Nations don't have the capacity to deal with emergency response planning. They don't have some of the necessary infrastructure and overall it isn't consistent from one First Nation to the next," says Healy.

"With emergency response planning we're co-ordinating all government bodies and agencies who do business with First Nations. We're trying to find out who handles what and what can be done so that First Nations have the infrastructure to deal with problems should they arise. We're trying to bring the partners together and eliminate the gray areas," she says. "Why are there gaps and why can't they have the same level of service as other Albertans? My own biggest worry is when it comes to disaster services; there are homes that don't have telephones; there are elderly people; there are people with grandchildren...what happens to them?"

Although health is the primary concern, there are a number of other issues. "We kept hearing we're not being consulted by industry when they develop traditional lands," says Healy. While on-reserve developments happen according to regulated procedures, those that take place on traditional lands, lands that often border reserve lands, the First Nations are not consulted. "Industry has to be committed to open communications, and there has to be more awareness so that Aboriginal considerations are dealt with."

"First Nations people want to participate more in the development process on tribal lands. They're concerned about sacred sites and burial grounds," she says. But concerns were also raised about traditional land-use for hunting, trapping and picking berries.

"The committee came up with about 95 recommendations that will take about three years to implement," says Healy. "Everything is moving but we want to make sure it's done properly so we're not rushing into it. One of the committee's goals is to level the playing field for First Nations but it will take a lot of hard work and persistence."

The Planning and Corporate Services Unit

Planning and Corporate Services (PCS) comprises four groups headed by the Director, Planning and Corporate Services. The unit manages and coordinates planning for the organization resulting in a Regional Management Plan. PCS also provides essential corporate services that relate to corporate policy, human resources, finance, contracts and administration.

The Policy Group

This group maintains a strategic role in the following:

- Development of corporate administrative policies
- Coordination of the approval of new administrative policies and changes in existing policies

The Human Resources Group

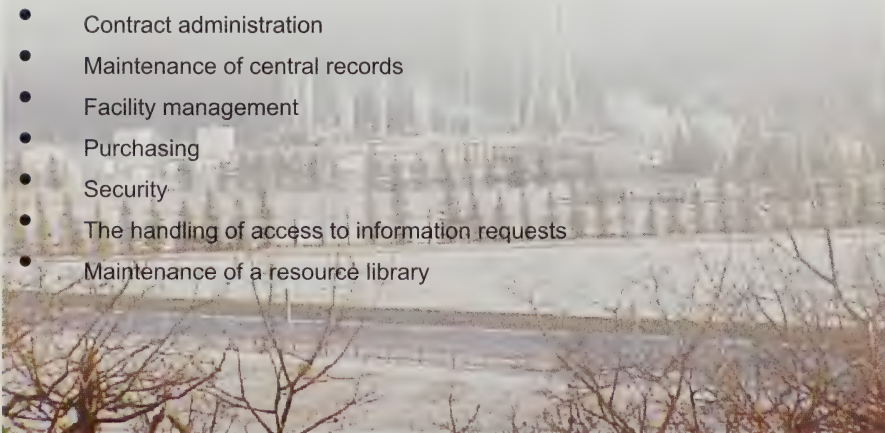
The principal responsibilities of this group are:

- The provision of complete personnel services to IOGC senior management and employees
- Administration of the special human resources classification and other programs required by IOGC as an organization with separate employer status
- Training and development
- Recruitment and staffing
- Staff relations and compensation

The Contracts and Administration Group

This group provides IOGC with a variety of administrative services, including:

- Contract administration
- Maintenance of central records
- Facility management
- Purchasing
- Security
- The handling of access to information requests
- Maintenance of a resource library



The Finance Group

This group is responsible for:

- The provision of complete corporate financial service to IOGC in the areas of accounting operations, financial systems, budget allocation, management variance reporting and funding to pilot First Nations for oil and gas initiatives
- Administration of the decentralized IOGC budget
- Collection and processing bonus, lease and royalty payments to First Nations trust accounts through IOGC's Resource Information Management System

2000-2001 Financial Operations (Thousands of dollars)

FUNDING*

2000-2001 Budget Allocation

10,291.7

EXPENSES, CONTRIBUTIONS & TRANSFERS

Salaries 4,013.5

Operating and Maintenance (1)

Inventory Management Services 25.2
Disposition/Amendment Management Services 89.7
Contract Management Services 12.0
Monitoring and Verification Management Services 815.8
Operation Framework (Policy) Services 352.0
Corporate 1,109.6
Informatics 504.4
Gathering Strength - Capacity Development 150.6
IOGC Board 5.2

TOTAL OPERATING & MAINTENANCE 3,064.5

CONTRIBUTIONS & TRANSFERS

IRC - Partnership 440.0
- FNET 150.0
- IOGC Board 120.2
- Other 25.0
First Nations Oil and Gas Management Initiative 1,258.0
Gathering Strength 74.0
HQ-BPP Expenses 257.6
Other Contributions & Transfers 28.5

TOTAL CONTRIBUTIONS & TRANSFERS 2,353.3

TOTAL EXPENSES & CONTRIBUTIONS 9,431.3

SURPLUS/DEFICIT 860.4

REVENUES COLLECTED ON BEHALF OF FIRST NATIONS

ROYALTIES 280,165.9
BONUSES 6,115.5
COMPENSATION & RENTALS 10,561.3

TOTAL REVENUES COLLECTED 296,842.8





Indian Oil and Gas Canada
Suite 100, 9911 Chula Blvd.
Tsuu T'ina (Sarcee), AB
T2W 6H6
Tel: (403) 292-5625
Fax: (403) 292-5618

